

**MINUTES OF THE
CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK**

For the meeting held on
Tuesday, June 24, 2008 – 1:30 p.m.
1001 I Street – Sierra Hearing Room, 2nd Floor
Sacramento, California 95814

Chairwoman Marjorie Berte called the meeting of the California Infrastructure and Economic Development Bank (I-Bank) Board to order at approximately 1:30 p.m.

1. Call To Order and Roll Call.

Marjorie Berte represented the Secretary of the Business, Transportation and Housing Agency.
Fred Klass represented the Director of the Department of Finance.
Francisco Lujano represented the State Treasurer.
Leslie Lopez represented the Secretary of the State and Consumer Services Agency.
Everett Rice was absent.

The following I-Bank staff members were in attendance: Stan Hazelroth, Roma Cristia-Plant, Tara Dunn, Stepan Haytayan and Shelly Renner.

2. Executive Director's Report.

Executive Director Stan Hazelroth introduced Stepan Haytayan from the Attorney General's Office who provided legal assistance to the I-Bank on one of the bond projects on the agenda. Mr. Hazelroth also:

- Apprised the Board of the potential move for the I-Bank from 1001 I Street to 980 9th Street;
- Reported that the issuance of the third series of bonds for Infrastructure State Revolving Fund (ISRF) Program has commenced, with bonds expected to be issued in the next sixty to ninety days; and,
- Reported that investment providers associated with the ISRF Program Bonds have been downgraded by one or more of the rating agencies, and that he would keep the board apprised of any future actions related to the downgrades.

Consent Items:

3. Approve minutes from the meeting held on May 20, 2008.

Chairwoman Majorie Berte asked if there were any questions or comments from the Board or those present regarding the minutes. There being none, she entertained a motion to approve the consent item. Fred Klass moved to approve the minutes and Leslie Lopez seconded the motion. The minutes were unanimously approved.

Action Items:

- 4. Adopt resolution approving the sale, issuance and delivery of 501(c)(3) revenue bonds for the Asian-American Drug Abuse Program, Inc. for an amount not to exceed \$3,640,000.**

Tara Dunn presented a staff report in which she indicated that Asian-American Drug Abuse Program, Inc. (AADAP) has requested approval for the issuance of up to \$3,640,000 in tax exempt 501(c)(3) revenue bonds to refinance existing taxable debt used to purchase two existing office buildings in December 2005, providing, among other benefits, a net savings of approximately \$1.1 million. Ms. Dunn introduced Mike Watanabe, the President of AADAP.

Chairwoman Berte asked for any questions or comments. Francisco Lujano commented about the single bond rating by Fitch Ratings, Inc. (Fitch), and noted that the 501(c)(3) Bond program policies and procedures do not mention Fitch, but do mention a minimum A rating from Moody's Investor Service, Inc. and/or Standard & Poor's. Mr. Lujano further stated that since the Treasurer does not dispute the acceptability of a sole rating from Fitch, he recommended that the policies and procedures be revised to add Fitch. Shelly Renner, Staff Counsel to the I-Bank, clarified for Mr. Lujano that under Government Code Section 63044, the I-Bank Board was required to adopt policies and procedures for the expeditious review of the bond applications, and that these policies and procedures are guidelines and not a limitation of the Board's authority. She also indicated that any changes to the policies and procedures must be approved by the Board following a public comment period and that the current policies and procedures for the bond programs were approved by the Board in 1999. Ms. Dunn responded to Chairwoman Berte's query that the bond programs policies and procedures should be updated and stated that staff could potentially recommend certain revisions for Board consideration within the next several months or so.

Chairwoman Berte asked if anyone wanted to ask Mr. Watanabe any questions or if Mr. Watanabe wanted to address the Board. Hearing none, Chairwoman Berte entertained a motion to approve Resolution No. 08-18. Mr. Lujano moved to approve the resolution and Ms. Lopez seconded the motion. The Board unanimously approved the resolution.

- 5. Adopt resolution approving the sale, issuance and delivery of 501(c)(3) revenue bonds for the Orange County Performing Arts Center for an amount not to exceed \$250,000,000.**

Ms. Dunn presented a staff report in which she indicated that the Orange County Performing Arts Center has requested an approval for the issuance not to exceed \$250,000,000 in Tax-exempt 501(c)(3) revenue bonds to refund the outstanding bonds previously issued by the I-Bank in 2004 and 2007, to effect a conversion of the existing bonds from auction rate securities to variable rate demand bonds. Ms. Dunn introduced Casey Dove from Banc of America Securities, the underwriter for the project, to answer any questions.

Chairwoman Berte asked for any questions or comments. There being none, she entertained a motion to approve Resolution No. 08-19. Mr. Klass moved to approve the resolution and Mr. Lujano seconded the motion. The Board unanimously approved the resolution.

Other Business.

Chairwoman Berte called for any other business; there was none.

Public Comment.

Chairwoman Berte called for any public comment; there was none.

Adjournment.

Chairwoman Berte declared the meeting adjourned at approximately 1:45 p.m.